

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 L-03 SP-02 ICA-11 AID-05
NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 XMB-02
AGRE-00 DODE-00 CIAE-00 INR-10 NSAE-00 FRB-03
/086 R

DRAFTED BY EB/IFD/OMA:BGCROWE

APPROVED BY EB/IFD/OMA:MELY

EUR/SE:EMARCOTT

AID:NRIDEN

TREASURY:ADRESS

EXIMBANK:CHAMMOND

DEFENSE:JDESO

-----111844 060246Z /61

R 042205Z AUG 78

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

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E.O. 11652: N/A

TAGS: EFIN, OECD, TU

SUBJECT: US/TURKEY BILATERAL DEBT RESCHEDULING AGREEMENT

1. SIX COPIES OF A DRAFT US/TURKEY DEBT RESCHEDULING AGREEMENT HAVE BEEN POUCHEO FOR THE ATTENTION OF MARY McDONNELL. REQUEST YOU PRESENT THE TEXT TO APPROPRIATE GOT AUTHORITIES FOR APPROVAL. ONCE GOT APPROVAL HAS BEEN OBTAINED, WE CAN ARRANGE TO HAVE THE AGREEMENT SIGNED HERE IN WASHINGTON. FOLLOWING THE BILATERAL ACCORD, WE WILL SUBMIT TO THE TURKISH EMBASSY IMPLEMENTING AGREEMENTS WITH THE USG AGENCIES INVOLVED (I.E., EXIMBANK, DOD, AID,
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TREASURY AND USDA) COVERING AMOUNTS OWED TO, GUARANTEED BY OR INSURED BY THESE AGENCIES.

2. IN ORDER TO EXPEDITE TRANSMISSION, WE HAVE NOT HAD THE AGREEMENTS TRANSLATED INTO TURKISH. WE ARE, OF COURSE, WILLING TO DO SO IF THIS IS DESIRED BY THE GOT.

3. THE MAJOR COMPONENTS OF THE AGREEMENT ACCORD FULLY WITH THE MAY 20 OECD CONSORTIUM MINUTE. IN COMPLYING WITH THE MINUTE, THE USG WILL RESCHEDULE \$191 MILLION IN ADDITION TO INTEREST PAYMENTS DUE ON ADVANCES MADE BETWEEN THE DATE OF THE AGREEMENT AND 6/30/79 ON THREE DEPARTMENT

OF DEFENSE GUARANTEED (TO THE FEDERAL FINANCING BANK) LOANS.

4. WE ARE ASKING FOR 2.7 PERCENT INTEREST ON AID AND PL-480 DEBT, 3.0 PERCENT ON TREASURY DEBT, AND 8.0 PERCENT ON EXIMBANK AND DOD DEBT. THIS RESULTS IN A WEIGHTED AVERAGE INTEREST RATE OF 6.36 PERCENT FOR ALL USG DEBT. WE BELIEVE THIS RATE IS VERY REASONABLE, AND REPRESENTS FOR LEGAL AND POLICY REASONS THE LOWEST RATE WE CAN ACCEPT. IT WILL BE IMPORTANT FOR YOU TO EMPHASIZE TO THE GOT THAT THE RATE WAS DERIVED ONLY AFTER VERY CONSIDERED EFFORTS TO BE AS ACCOMODATING AS POSSIBLE ON THIS ISSUE, AND THAT WE ARE NOT PREPARED TO MAKE ANY DOWNWARD ADJUSTMENTS.

5. ARTICLE V OF THE TEXT NOTES THAT THE AGREEMENT WOULD ENTER INTO FORCE AFTER WE ADVISE TURKEY THAT U.S. LAWS AND REGULATIONS HAVE BEEN COMPLIED WITH. THIS LANGUAGE IS NECESSARY TO ENABLE US TO COMPLY WITH LEGISLATION THAT STATES THE AGREEMENT HAS TO BE SENT TO CONGRESS FOR LIMITED OFFICIAL USE

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NO LESS THAN THIRTY DAYS BEFORE ITS ENTRY INTO FORCE. THIS DOES NOT MEAN THAT CONGRESSIONAL APPROVAL IS REQUIRED, BUT IS INSTEAD PART OF THE PROCESS ESTABLISHED TO INSURE CONGRESS IS KEPT FULLY INFORMED ON DEBT ISSUES.

6. PLEASE ADVISE US IF WE CAN PROVIDE ANY ADDITIONAL GUIDANCE OR EXPLANATION REGARDING OTHER SECTIONS OF THE TEXT. CHRISTOPHER

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Message Attributes

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